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ALLIED GROUP LIMITED

(聯合集團有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 373)



ALLIED PROPERTIES (H.K.) LIMITED

(聯合地產(香港)有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 56)

JOINT ANNOUNCEMENT

(1) MAJOR TRANSACTION FOR AGL AND DISCLOSEABLE TRANSACTION FOR APL – PROPOSED DISPOSAL BY WAH CHEONG DEVELOPMENT (B.V.I.) LIMITED OF APPROXIMATELY 74.52% INTEREST IN ALLIED OVERSEAS LIMITED

(2) DISCLOSEABLE TRANSACTION FOR AGL AND APL – PROPOSED ACQUISITION BY ALLIED OVERSEAS LIMITED OF SKYLEAF HOLDINGS LIMITED

(3) RESUMPTION OF TRADING IN THE SECURITIES OF AGL AND APL

THE SHARE AGREEMENT

On 15 October 2013, pursuant to the Share Agreement, SkyOcean has conditionally agreed to purchase and Wah Cheong has conditionally agreed to sell the Sale Shares and the Sale Warrants at a total consideration of HK\$1,473,563,853. As at the date of this joint announcement, the Sale Shares represent approximately 74.52% of the existing issued share capital of AOL, subject to change as a result of the exercise of the Warrants.

The Share Completion is conditional upon fulfillment or waiver (as the case may be) of the conditions specified in the Share Agreement and as described under the paragraph headed “Conditions precedent” under the section headed “The Share Agreement” in this joint announcement.

THE PROJECT ACQUISITION AGREEMENT

On 15 October 2013 and pursuant to the Project Acquisition Agreement, Sheng Bang has conditionally agreed to sell and AOL has conditionally agreed to purchase the Project Acquisition Share at a total consideration of HK\$450,000,000. The Project Acquisition Share represents the entire issued and fully paid-up share capital of Skyleaf.

The Project Acquisition Completion is conditional upon fulfillment or waiver (as the case may be) of the conditions specified in the Project Acquisition Agreement and as described under the paragraph headed “Conditions precedent” under the section headed “The Project Acquisition Agreement” in this joint announcement.

The Share Agreement and the Project Acquisition Agreement are inter-conditional with each other. Share Completion is intended to take place simultaneously with Project Acquisition Completion.

LISTING RULES IMPLICATIONS

AGL

Share Transaction

As one or more applicable percentage ratio(s) in respect of the Share Transaction is more than 25% but is less than 75%, the Share Transaction constitutes a major transaction for AGL under Chapter 14 of the Listing Rules.

Project Acquisition Transaction

As one or more applicable percentage ratio(s) in respect of the Project Acquisition Transaction is more than 5% but is less than 25%, the Project Acquisition Transaction constitutes a discloseable transaction for AGL under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.24 of the Listing Rules, since the Share Transaction and the Project Acquisition Transaction are inter-conditional, they will be regarded as one transaction involving both an acquisition and a disposal. The transaction will be classified by reference to the larger of the percentage ratios of the Share Transaction or the Project Acquisition Transaction, being a major transaction and subject to the reporting, disclosure and/or shareholder approval requirements applicable to the major transaction. In relation to the circular of AGL, each of the Share Transaction and the Project Acquisition Transaction will be subject to the content requirements applicable to their respective transaction classification.

AGL has received a written approval of the Share Agreement and the Project Acquisition Agreement and the transactions contemplated thereunder from the trustees of, and companies controlled by the trustees for, Lee and Lee Trust, which holds approximately 67.60% of the issued share capital of AGL giving the rights to attend and vote at general meetings of AGL and no AGL Shareholder is required to abstain from voting on the resolution(s) to be proposed at the extraordinary general meeting to approve the Share Transaction and the Project Acquisition Transaction. Accordingly, no general meeting for the AGL Shareholders' approval of the Share Transaction and the Project Acquisition Transaction will be held pursuant to Rule 14.44 of the Listing Rules.

A circular, containing, among other things, further details of the Share Transaction and the Project Acquisition Transaction will be despatched to the AGL Shareholders on or before 20 November 2013.

APL

Share Transaction

As one or more applicable percentage ratio(s) in respect of the Share Transaction is more than 5% but is less than 25%, the Share Transaction constitutes a discloseable transaction for APL under Chapter 14 of the Listing Rules.

Project Acquisition Transaction

As one or more applicable percentage ratio(s) in respect of the Project Acquisition Transaction is more than 5% but is less than 25%, the Project Acquisition Transaction constitutes a discloseable transaction for APL under Chapter 14 of the Listing Rules.

RESUMPTION OF TRADING

At the request of AGL and APL, trading in their respective securities on the Stock Exchange has been suspended from 9:00 a.m. on 15 October 2013 pending the release of this joint announcement. Applications have been made by AGL and APL to the Stock Exchange for resumption of trading in the AGL Shares, APL Shares and APL Warrants respectively on the Stock Exchange with effect from 9:00 a.m. on 31 October 2013.

AGL Shareholders, APL Shareholders, holders of APL Warrants and potential investors should note that the Share Transaction and the Project Acquisition Transaction may or may not proceed as each of them is subject to a number of conditions, which may or may not be fulfilled. AGL Shareholders, APL Shareholders, holders of APL Warrants and potential investors are reminded to exercise caution when dealing in the securities of AGL and APL.

THE SHARE AGREEMENT

Date

15 October 2013

Parties

Vendor: Wah Cheong

Purchaser: SkyOcean

Vendor Guarantor: APL

Purchaser Guarantor: Mr. Zhou

To the best of knowledge, information and belief of the AGL Directors and the APL Directors, after making reasonable enquiries, SkyOcean and its ultimate beneficial owners, and Mr. Zhou are third parties independent of AGL and APL and their respective connected persons.

Subject matters

Pursuant to the Share Agreement, SkyOcean has conditionally agreed to purchase and Wah Cheong has conditionally agreed to sell the Sale Shares and the Sale Warrants. As at the date of this joint announcement, the Sale Shares represent approximately 74.52% of the existing issued share capital of AOL, subject to change as a result of the exercise of the Warrants.

Share Consideration

The Share Consideration is HK\$8.61 per Sale Share and HK\$3.61 per Sale Warrant, which amounts to HK\$1,473,563,853 in total. The Share Consideration was determined following arm's length negotiation between Wah Cheong and SkyOcean, taking into account factors including but not limited to, the financial position (including the net asset value) and performance of the AOL Group and the prevailing market price.

The Share Consideration is payable by SkyOcean to Wah Cheong in the following manner:

- (i) on the Business Day following the date of the Share Agreement, the Deposit has been paid by SkyOcean to Wah Cheong, which shall, upon Share Completion, be applied as part payment of the Share Consideration; and
- (ii) at Share Completion, subject to Wah Cheong having performed its obligations in relation to Share Completion, HK\$1,326,207,468 being the balance of the Share Consideration shall be paid to Wah Cheong.

Wah Cheong shall refund in cash the Deposit, together with the interest accrued thereon from the date of the Share Agreement, to SkyOcean if Share Completion does not take place as a result of any of the condition(s) not being fulfilled (or, where applicable, waived) or as a result of Wah Cheong not complying with its obligations regarding Share Completion.

Conditions precedent

Share Completion is conditional upon, among other things:

- (i) save as disclosed pursuant to the Share Agreement, the Material Warranties remaining true and accurate and not misleading as given as at the date of the Share Agreement and as at Share Completion;
- (ii) all approvals, authorisations, consents, licences, certificates, permits, concessions, agreements or other permissions of any kind of, from or by any governmental authority, regulatory body or other third party necessary for the consummation of the transactions contemplated in the Share Agreement having been obtained by Wah Cheong and AOL and remaining in full force and effect;
- (iii) all necessary consents and approvals (including the shareholders' approvals (with the relevant shareholders to abstain from voting as required by the Listing Rules)) required to be obtained on the part of AOL, Wah Cheong, APL and AGL in respect of the sale and purchase of the Sale Shares and Sale Warrants and the transactions under the Share Agreement and the Project Acquisition Agreement having been obtained;
- (iv) there being no applicable law or regulations which prohibits, restricts or imposes conditions or limitations on, or is reasonably expected to operate to prohibit, restrict or impose conditions or limitations on, the consummation of any of the transactions contemplated in the Share Agreement;

- (v) there being no bona fide legal, administrative or arbitration action, suit, complaint, charge, hearing, injunction, enquiry, investigation or proceedings in effect, pending or to the best knowledge of Wah Cheong, SkyOcean, APL and Mr. Zhou, genuinely threatened as of Share Completion before any court, tribunal or arbitrator of a competent jurisdiction or by any governmental authority which seek to prohibit, restrict, impose condition or limitation on or otherwise challenge any of the transactions contemplated in the Share Agreement;
- (vi) the listing of the AOL Shares not having been withdrawn, the AOL Shares continuing to be traded on the Stock Exchange prior to the Share Completion Date (save for any suspension for no longer than ten consecutive trading days or such other period as SkyOcean may agree in writing or the suspension in connection with transactions contemplated under the Share Agreement) and neither the Stock Exchange nor the SFC having indicated that either one of them will object to such continued listing for reasons related to or arising from the transactions contemplated under the Share Agreement;
- (vii) the Stock Exchange and the SFC not having made any ruling that the transactions contemplated under the Share Agreement and the Project Acquisition Agreement will be considered or deemed to be a reverse takeover under the Listing Rules;
- (viii) the Stock Exchange and the SFC advising that they have no further comment on the AOL Announcement to be released in connection with the transactions contemplated under the Share Agreement and the publication of such AOL Announcement on the Stock Exchange's website;
- (ix) the passing by the independent shareholders of AOL of the requisite resolution(s) to approve the Project Acquisition Agreement and the transactions contemplated thereunder;
- (x) the conditions precedent under the Project Acquisition Agreement having been fulfilled or waived (save for the condition requiring the Share Agreement to become unconditional and the condition requiring the completion of the Project Acquisition Agreement and the Share Agreement to take place simultaneously);
- (xi) the Project Acquisition Completion taking place in accordance with its terms simultaneously with the Share Completion; and
- (xii) at Share Completion, AOL having cash in its bank account(s) at licensed bank(s) in Hong Kong in an aggregate amount of not less than an amount of HK\$487,399,000 which is free from encumbrance.

Wah Cheong and SkyOcean shall use their respective best endeavours to procure the fulfillment of the above conditions on or before 31 January 2014, or such later date as may be agreed between Wah Cheong and SkyOcean in writing (except the condition set out in paragraphs (xi) and (xii) above which shall take place or be fulfilled simultaneously with Share Completion).

SkyOcean may, at its absolute discretion, waive any of the above conditions (except the conditions set out in paragraphs (iii), (iv), (viii), (ix), (x) and (xi) above which cannot be waived).

If any of the conditions set out above is not fulfilled (or, where applicable, waived) on or before 31 January 2014, or such later date as may be agreed between Wah Cheong and SkyOcean in writing (except the condition set out in paragraphs (xi) and (xii) above which shall take place or be fulfilled simultaneously with Share Completion), the Share Agreement shall lapse and cease to have any effect except for certain clauses specified therein, and no parties to the Share Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof and any claims arising out of the continuing provisions specified in the Share Agreement.

Share Completion

Subject to the fulfillment or waiver (if applicable) of the above conditions, Share Completion shall take place simultaneously with Project Acquisition Completion (unless the parties to the Share Agreement agreed otherwise) at 10:00 a.m. on the fifth Business Day after the day on which the last of the conditions precedent above (except the condition set out in paragraphs (xi) and (xii) above which shall take place or be fulfilled simultaneously with Share Completion) have been fulfilled or waived or such other date as may be agreed by Wah Cheong and SkyOcean in writing. Upon Share Completion, AOL will cease to be a subsidiary of AGL and APL.

Without prejudice to any other remedies available to SkyOcean, if any of the obligations of Wah Cheong are not complied with in any respect by Wah Cheong on the Share Completion Date, SkyOcean shall notify Wah Cheong of such non-compliance and Wah Cheong may defer Share Completion to a date not more than 5 Business Days from the Share Completion Date and rectify any such non-compliance within 5 Business Days from the Share Completion Date, failing which SkyOcean may:-

- (i) defer Share Completion to a date not more than 30 days after the Share Completion Date;
- (ii) proceed to Share Completion so far as practicable (without prejudice to SkyOcean's rights under the Share Agreement); or

- (iii) rescind its obligations under the Share Agreement and Wah Cheong shall forthwith refund in cash the full amount of the Deposit and all accrued interest thereon to SkyOcean, and (except for non-compliance of certain obligations, the fulfilment of which are not under the direct control of Wah Cheong) pay to SkyOcean an amount equal to the Deposit which the parties to the Share Agreement acknowledge is a genuine estimate of the potential loss which SkyOcean would suffer and not a penalty.

Without prejudice to any other remedies available to Wah Cheong, if (a) any of the obligations of SkyOcean are not complied with by SkyOcean on the Share Completion Date or (b) if all the conditions precedent under the Project Acquisition Agreement have been fulfilled (or waived in accordance with the terms thereof) and AOL is willing and ready to proceed to Project Acquisition Completion but such Project Acquisition Completion does not take place as a result of the default of Sheng Bang and Share Completion does not take place as a result of the condition that the Project Acquisition Completion cannot take place simultaneously in accordance with the terms of the Project Acquisition Agreement with the Share Completion, Wah Cheong shall notify SkyOcean of such non-compliance and SkyOcean may defer Share Completion to a date not more than 5 Business Days from Share Completion Date and rectify any such non-compliance within 5 Business Days from the Share Completion Date, failing which Wah Cheong may either:-

- (i) forfeit and retain for its sole benefit the full amount of the Deposit paid by SkyOcean to Wah Cheong pursuant to the Share Agreement and all accrued interest thereon, whereupon all rights, obligations and liabilities of the parties to the Share Agreement shall from such date cease to have any effect and none of the parties to the Share Agreement shall have any claim against any other in respect of the Share Agreement save for claims (if any) in respect of any antecedent breaches of the Share Agreement; or
- (ii) extend the time for Share Completion to a later date without prejudice to Wah Cheong's other rights under the Share Agreement or applicable laws including its right to seek specific performances.

Offer

SkyOcean undertakes to Wah Cheong, following and subject to Share Completion, to comply with its obligations under the Takeovers Code, and in particular to make the Offer to holders of the Offer Shares and the Offer Warrants on the following principal terms and conditions:-

- (i) SkyOcean shall pay to the holders of the Offer Shares the sum of at least HK\$8.61 per Offer Share in cash for each Offer Share accepted under the Offer;

- (ii) SkyOcean shall pay to holders of Offer Warrants the sum of at least HK\$3.61 per Offer Warrant in cash for each Offer Warrant accepted under the Offer;
- (iii) seller's ad valorem stamp duty will be payable by accepting holders of Offer Shares and Offer Warrants and will be deducted from the consideration payable by SkyOcean to the holders of Offer Shares and Offer Warrants on acceptance of the relevant Offer; and
- (iv) the Offer Shares and Offer Warrants will be acquired free from all encumbrances of any kind and together with all rights attaching thereto including the right to receive all dividends and distributions declared, made or paid after the date on which the Offer is made.

Wah Cheong undertakes to SkyOcean to use its best endeavours to procure that AOL and its directors comply with their respective obligations under the Takeovers Code and to comply with their obligations as shareholders of AOL under the Takeovers Code. Following Share Completion and in accordance with the Takeovers Code, the parties to the Share Agreement shall use their respective best endeavours to procure the despatch of the offer document and the offeree board circular by such date as is required under the Takeovers Code to all holders of the AOL Shares.

Vendor Guarantee

In consideration of SkyOcean entering into the Share Agreement, APL unconditionally and irrevocably guarantees to SkyOcean that APL shall procure the due and punctual performance and observance by Wah Cheong of all its respective obligations, commitments, undertakings, warranties, indemnities and covenants under or pursuant to the Share Agreement and agrees to indemnify SkyOcean against all losses (including legal costs and expenses) which SkyOcean may suffer through or arising from any breach by Wah Cheong of its obligations, commitments, warranties, undertakings, indemnities or covenants.

If and whenever Wah Cheong defaults for any reason whatsoever in the performance of any obligation or liability undertaken or expressed to be undertaken by Wah Cheong under or pursuant to the Share Agreement, APL shall forthwith upon demand unconditionally procure the performance of the obligations by Wah Cheong and satisfy (or procure the satisfaction of) the liability in regard to which such default has been made in the manner prescribed by the Share Agreement and so that the same benefits shall be conferred on SkyOcean as it would have received if such obligation or liability had been duly performed and satisfied by Wah Cheong.

Purchaser Guarantee

In consideration of Wah Cheong entering into the Share Agreement, Mr. Zhou unconditionally and irrevocably guarantees to Wah Cheong the due and punctual performance and observance by SkyOcean of all its respective obligations, commitments, undertakings, warranties, indemnities and covenants under or pursuant to the Share Agreement and agrees to indemnify Wah Cheong against all losses (including legal costs and expenses) which Wah Cheong may suffer through or arising from any breach by SkyOcean of its obligations, commitments, warranties, undertakings, indemnities or covenants.

If and whenever SkyOcean defaults for any reason whatsoever in the performance of any obligation or liability undertaken or expressed to be undertaken by SkyOcean under or pursuant to the Share Agreement, Mr. Zhou shall forthwith upon demand unconditionally perform (or procure the performance of) and satisfy (or procure the satisfaction of) the obligation or liability in regard to which such default has been made in the manner prescribed by the Share Agreement and so that the same benefits shall be conferred on Wah Cheong as it would have received if such obligation or liability had been duly performed and satisfied by SkyOcean.

The Share Agreement and the Project Acquisition Agreement are inter-conditional with each other. Share Completion is intended to take place simultaneously with Project Acquisition Completion.

INFORMATION OF AOL

Set out below is the key financial information of the AOL Group based on its audited consolidated financial statements for each of the two years ended 31 December 2011 and 31 December 2012, respectively:

	For the year ended 31 December 2011	For the year ended 31 December 2012
	(Audited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before tax	14,765	96,910
Profit after tax	14,724	95,990
Profit for the year (including discontinued operations)	13,231	95,990

	As at 31 December 2011	As at 31 December 2012
	(Audited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets	1,509,457	1,553,102

FINANCIAL EFFECT OF THE SHARE TRANSACTION AND INTENDED USE OF PROCEEDS

Based on the Share Consideration of HK\$1,473,563,853, the carrying value of the investment in AOL of approximately HK\$1,152,498,000 on the unaudited consolidated financial statements of APL as at 30 June 2013 and estimated stamp duty of HK\$1,430,687, the gain to be accrued to APL (before legal and professional fee and tax) will be approximately HK\$319,635,000.

The gain attributable to AGL is estimated to be approximately HK\$239,694,000 and is derived on the basis of gain of HK\$319,635,000 attributable to APL and adjusted for non-controlling interests in APL of approximately HK\$79,941,000.

APL intends to apply the proceeds of the Share Consideration for repayment of borrowings and as working capital.

THE PROJECT ACQUISITION AGREEMENT

Date

15 October 2013

Parties

Vendor: Sheng Bang

Purchaser: AOL

Vendor guarantor: Mr. Zhou

To the best of knowledge, information and belief of the AGL Directors and the APL Directors having made all reasonable enquiries, Sheng Bang and Mr. Zhou are third parties independent of AGL and APL and their respective connected persons.

Sheng Bang acknowledges that, in entering into the Project Acquisition Agreement, AOL is relying on such warranties and undertakings given by Sheng Bang which have also been given as representations and with the intention of inducing AOL to enter into the Project Acquisition Agreement.

Subject matters

Pursuant to the Project Acquisition Agreement, the asset to be acquired by AOL comprises the Project Acquisition Share, representing the entire equity interest in Skyleaf.

The major asset held by Skyleaf is its holding of the entire equity interest in SkyOcean International, which holds the entire equity interest in SkyOcean Real Estate. SkyOcean Real Estate holds the interest in the Land, the Project, and the entire equity interest in Tangshan Management.

Further details of the Skyleaf Group and the Land are set out in the paragraph headed “Information on the Skyleaf Group” below.

The Project Acquisition Consideration

Pursuant to the Project Acquisition Agreement, the Project Acquisition Consideration is HK\$450,000,000.

The Project Acquisition Consideration shall be paid by AOL to SkyOcean by way of cashier order(s) drawn on a licensed bank in Hong Kong. The Project Acquisition Consideration was determined after arm’s length negotiation between AOL and Sheng Bang with reference to the estimated valuation of the property interests of the Skyleaf Group.

AOL will fund the Project Acquisition Consideration by internal resources.

Conditions precedent

Project Acquisition Completion is subject to the following conditions being fulfilled or waived (as the case may be):

- (i) AOL having within 4 weeks from the date of the Project Acquisition Agreement completed the due diligence on each member of the Skyleaf Group and being reasonably satisfied that the unaudited consolidated net asset value of Skyleaf as at 31 August 2013 is not less than HK\$450,000,000 which is determined based on the unaudited balance sheet and unaudited profit and loss statement of each of Skyleaf and SkyOcean Real Estate as adjusted for the capital contribution by Mr. Zhou and the estimated market value of the Project;

- (ii) AOL having obtained a legal opinion prepared by its PRC legal adviser in form and substance to the reasonable satisfaction of AOL on SkyOcean Real Estate, Tangshan Management and the Land;
- (iii) the passing by the shareholders of each of (i) AOL (other than those who are required to abstain from voting under the Listing Rules or other applicable laws and regulations); (ii) APL (if required) of the requisite resolution(s) to approve the Project Acquisition Agreement and the transactions contemplated thereunder; and (iii) AGL (if required) of the requisite resolution(s) to approve the Project Acquisition Agreement and the transactions contemplated thereunder;
- (iv) the warranties in the Project Acquisition Agreement being true and accurate in all respects and not misleading as of the date of the Project Acquisition Agreement and as at Project Acquisition Completion and as if given at all times between the date of the Project Acquisition Agreement and the Project Acquisition Completion;
- (v) the passing by the shareholders of AOL (other than those who are required to abstain from voting under the Listing Rules or other applicable laws and regulations) of the requisite resolution(s) to approve (if required) the continuing connected transactions comprising the existing loans from Mr. Zhou or companies beneficially owned by him to the Skyleaf Group and the financial assistance provided by the Skyleaf Group in favour of Mr. Zhou or companies beneficially owned by him to the Skyleaf Group;
- (vi) the conditions precedent under the Share Agreement having been fulfilled or waived (save for the condition requiring the Project Acquisition Agreement to become unconditional and the condition requiring the completion of the Share Agreement and the Project Acquisition Agreement to take place simultaneously); and
- (vii) the completion of the Share Agreement taking place in accordance with its terms simultaneously with the Project Acquisition Completion.

AOL may waive the above conditions (except for the conditions set out in paragraphs (iii), (v), (vi) and (vii) above). Neither AOL nor Sheng Bang may waive any of the conditions set out in paragraphs (iii), (v), (vi) and (vii) above.

If any of the above conditions is not satisfied or waived (as the case may be) on or before 31 January 2014 or such other date as the parties to the Project Acquisition Agreement may agree in writing, the Project Acquisition Agreement shall terminate and neither party shall have any further obligations towards the other thereunder except for antecedent breach.

Project Acquisition Completion

Subject to the fulfillment or waiver (as the case may be) of the above conditions, Project Acquisition Completion will take place on the Share Completion Date. Upon Project Acquisition Completion, each of the members of the Skyleaf Group will become a wholly-owned subsidiary of AOL and the financial results thereof will be consolidated into the accounts of the AOL Group.

Vendor Guarantee

In consideration of AOL entering into the Project Acquisition Agreement, Mr. Zhou unconditionally and irrevocably guarantees to AOL the due and punctual performance and observance by Sheng Bang of all its obligations, commitments, undertakings, warranties, indemnities and covenants under or pursuant to the Project Acquisition Agreement and agrees to indemnify AOL against all losses (including legal costs and expenses) which AOL may suffer through or arising from any breach by Sheng Bang of its obligations, commitments, warranties, undertakings, indemnities or covenants.

If and whenever Sheng Bang defaults for any reason whatsoever in the performance of any obligation or liability or indemnity undertaken or expressed to be undertaken by Sheng Bang under or pursuant to the Project Acquisition Agreement, Sheng Bang shall forthwith upon demand unconditionally perform (or procure performance of) and satisfy (or procure the satisfaction of) the obligation or liability or indemnity in regard to which such default has been made in the manner prescribed by the Project Acquisition Agreement and so that the same benefits shall be conferred on AOL as it would have received if such obligation or liability or indemnity had been duly performed and satisfied by Sheng Bang.

Information on the Skyleaf Group

The Skyleaf Group

Skyleaf is an investment holding company incorporated in the BVI with limited liability on 8 August 2013 and is wholly owned by Sheng Bang. Its principal asset is its investment in SkyOcean International, an investment holding company incorporated in Hong Kong with limited liability on 19 August 2010 which holds 100% equity interest in SkyOcean Real Estate.

SkyOcean Real Estate was established in the PRC on 12 December 2011 as a wholly foreign-owned enterprise. SkyOcean Real Estate has a registered capital of US\$25.1 million and paid-up capital of US\$25.1 million. Mr. Zhou is the legal representative of SkyOcean Real Estate. SkyOcean Real Estate holds the interest in the Land and the Project and its scope

of operations includes the development, construction, operation and property management of residential property and ancillary commercial facilities on the Land.

Tangshan Management was established in the PRC on 8 May 2013 as a company with limited liability. Tangshan Management has a registered capital of RMB5 million and paid-up capital of RMB5 million. Mr. Zhou is the legal representative of Tangshan Management. Its intended business is property management, but it has not yet commenced business as at the date of this joint announcement.

The Land and the Project

The Land is located in Qian'an city bound in the west by Yanshan Avenue, in the east by Fengqing Road, in the south by Huichang Street and in the north by Huixing Street and comprises five parcels of land with a total site area of 202,000 square metres and is currently developing the commercial project (phase 1) of the "4th Generation Skyocean City", which involves two parcels of land with a total site area of 106,000 square metres, a planned gross building area of 163,000 square metres and six commercial buildings. The final inspection, completion, undertaking of interior decoration work and its opening are expected to take place in the second quarter of 2014.

The "4th Generation Skyocean City" urban complex project includes development of the multi-functional urban complex on the Land for commercial, office, residential, tourism, cultural, dining, entertainment and shopping purposes, including a shopping centre, a commercial zone, a special theme park, offices, restaurants area and residential units.

Financial Information of the Skyleaf Group

Each of Rule 14.58(6) and Rule 14.58(7) of the Listing Rules requires disclosure of the consolidated asset value of and the consolidated net profits attributable to the Skyleaf Group in this joint announcement. In connection with these requirements, AGL and APL have applied to the Stock Exchange for a waiver to exclude such information in this joint announcement for reasons that:-

- (i) the Project Acquisition Transaction constitutes a major and connected transaction of AOL and accordingly, AOL, together with SkyOcean, has published the AOL Announcement relating to, among other things, the Project Acquisition Transaction. In this regard, AOL has applied for a waiver to exclude such information in the AOL Announcement on the ground that the figures for the consolidated net asset value of and the consolidated net profits attributable to the Skyleaf Group are unaudited figures (which are the only available information as of the date of the AOL Announcement) and such information, if disclosed, may constitute profit forecasts under Rule 10 of the

Takeovers Code which would require to be reported on by the auditors and the financial advisor of AOL, and that it is considered burdensome for AOL to withhold the AOL Announcement until such reports are available; and

- (ii) since the information relating to the Project Acquisition Transaction disclosed in this joint announcement is substantially the same as that disclosed in the AOL Announcement. Accordingly, the waiver applied by AOL, if so granted by the Stock Exchange, should be extended to cover this joint announcement so that the relevant information to be disclosed herein will be consistent with that disclosed in the AOL Announcement.

Based on the aforesaid reasons, the Stock Exchange agreed to grant the waiver to AGL and APL subject to, inter alia, the following conditions:

- (i) a further joint announcement containing the consolidated audited net profits (both before and after taxation) of SkyOcean International Group for the period from 19 August 2010 to 30 June 2013 and the consolidated audited net asset value of SkyOcean International Group as at 30 June 2013 as required under Rule 14.58(6) and Rule 14.58(7) of the Listing Rules will be made at the time of dispatch of the circular of AGL; and
- (ii) the financial information on the SkyOcean International Group as mentioned above will be included in the circular of AGL.

The Share Agreement and the Project Acquisition Agreement are inter-conditional with each other. Share Completion is intended to take place simultaneously with Project Acquisition Completion.

INFORMATION ON AGL, APL, AOL, WAH CHEONG, SKYOCEAN AND SHENG BANG

(1) AGL

AGL is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange. As at the date of this joint announcement, AGL is beneficially owned as to approximately 67.60% by Lee and Lee Trust. Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust.

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, the provision of financial services, the provision of elderly care services, medical and aesthetic equipment distribution and investments in listed and unlisted securities.

(2) APL

APL is a company incorporated in Hong Kong with limited liability, the securities of which are listed on the main board of the Stock Exchange.

The principal business activity of APL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, the provision of financial services, the provision of elderly care services, medical and aesthetic equipment distribution and investments in listed and unlisted securities.

As at the date of this joint announcement, APL is beneficially owned as to approximately 74.99% by AGL.

(3) AOL

AOL is a company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange.

The principal activities of the AOL Group are the provision of elderly care services, medical equipment distribution and investments.

As at the date of this joint announcement, AOL is beneficially owned as to approximately 74.52% by APL.

(4) WAH CHEONG

Wah Cheong, a company incorporated under the laws of the BVI with limited liability, is an indirect wholly-owned subsidiary of APL. Its principal business activity is investment holding.

(5) SKYOCEAN

SkyOcean, a company incorporated under the laws of the BVI with limited liability on 12 August 2013. It is an investment holding company and is beneficially owned as to 80% by Mr. Zhou and 20% by Ms. Zhou Jin, a younger sister of Mr. Zhou.

(6) SHENG BANG

Sheng Bang, a company incorporated under the laws of the BVI with limited liability, is beneficially wholly-owned by Mr. Zhou. The principal activity of Sheng Bang is investment holding.

(7) ZHOU ZHENG

Mr. Zhou, aged 42, is the sole beneficial owner and sole director of Sheng Bang. Mr. Zhou has working experience primarily in the property development, commercial retail and financial investments industries in the PRC. He is currently a shareholder, chairman and president of SkyOcean Holdings Co., Ltd.[#] (天洋控股有限公司), a company established in the PRC and is principally engaged in property development, commercial retail, financial investments and cultural industry.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS FOR AGL AND APL

AOL has been a long term investment for APL. However, the AGL Directors and the APL Directors consider the sale prices for the Sale Shares and the Sale Warrants achieved pursuant to the Share Transaction are sufficiently attractive that APL should take the opportunity to realise a capital gain on its AOL investment. The proceeds from the Share Transaction will strengthen the financial position of AGL and APL and enhance their cashflow.

AOL Group is principally engaged in the business of elderly care services, medical equipment distribution and investments. Since the disposal of the healthcare business in 2010, AOL has distributed approximately HK\$337.2 million dividends to AOL Shareholders, and has been identifying investments for the deployment of its surplus cash, including investments in bonds. AOL Group's investment in bonds benefited from the easing monetary policies in the United States in 2012, but the wavering monetary policies of the United States in 2013 created volatility in the AOL Group's bond value. Each of the AGL Board and APL Board is of the view that a sustainable investment in a business operation, in addition to investment alone, would benefit the AOL Group. Each of the AGL Board and the APL Board is of the opinion that the Project Acquisition Agreement, subject to further due diligence and the satisfaction of the board of AOL, comprises the right components of a sustainable long term investment. Upon Project Acquisition Completion, the existing businesses of the AOL Group will be complemented by a property development business.

Having considered the above-mentioned factors, the AGL Board and APL Board are of the view that the terms of each of the Share Agreement and the Project Acquisition Agreement are fair and reasonable and that the transactions contemplated under the Share Agreement and the Project Acquisition Agreement are in the interests of the AGL Shareholders and APL Shareholders as a whole.

LISTING RULES IMPLICATIONS

AGL

Share Transaction

As one or more applicable percentage ratio(s) in respect of the Share Transaction is more than 25% but is less than 75%, the Share Transaction constitutes a major transaction for AGL under Chapter 14 of the Listing Rules.

Project Acquisition Transaction

As one or more applicable percentage ratio(s) in respect of the Project Acquisition Transaction is more than 5% but is less than 25%, the Project Acquisition Transaction constitutes a discloseable transaction for AGL under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.24 of the Listing Rules, since the Share Transaction and the Project Acquisition Transaction are inter-conditional, they will be regarded as one transaction involving both an acquisition and a disposal. The transaction will be classified by reference to the larger of the percentage ratios of the Share Transaction or the Project Acquisition Transaction, being a major transaction, and subject to the reporting, disclosure and/or shareholder approval requirements applicable to the major transaction. In relation to the circular of AGL, each of the Share Transaction and Project Acquisition Transaction will be subject to the content requirements applicable to their respective transaction classification.

AGL has received a written approval of the Share Agreement and the Project Acquisition Agreement and the transactions contemplated thereunder from trustees of, and companies controlled by trustees for, Lee and Lee Trust, which holds approximately 67.60% of the issued share capital of AGL giving the right to attend and vote at general meetings of AGL and no AGL Shareholder is required to abstain from voting on the resolution(s) to be proposed at the extraordinary general meeting to approve the Share Transaction and the Project Acquisition Transaction. Accordingly, no general meeting for the AGL Shareholders' approval of the Share Transaction and the Project Acquisition Transaction will be held pursuant to Rule 14.44 of the Listing Rules.

A circular, containing, among other things, further details of the Share Transaction and the Project Acquisition Transaction will be despatched to the AGL Shareholders on or before 20 November 2013.

APL

Share Transaction

As one or more applicable percentage ratio(s) in respect of the Share Transaction is more than 5% but is less than 25%, the Share Transaction constitutes a discloseable transaction for APL under Chapter 14 of the Listing Rules.

Project Acquisition Transaction

As one or more applicable percentage ratio(s) in respect of the Project Acquisition Transaction is more than 5% but is less than 25%, the Project Acquisition Transaction constitutes a discloseable transaction for APL under Chapter 14 of the Listing Rules.

RESUMPTION OF TRADING

At the request of AGL and APL, trading in their respective securities on the Stock Exchange has been suspended from 9:00 a.m. on 15 October 2013 pending the release of this joint announcement. Applications have been made by AGL and APL to the Stock Exchange for resumption of trading in the AGL Shares, APL Shares and APL Warrants respectively on the Stock Exchange with effect from 9:00 a.m. on 31 October 2013.

GENERAL

AGL Shareholders, APL Shareholders, holders of APL Warrants and potential investors should note that the Share Transaction and the Project Acquisition Transaction may or may not proceed as each of them is subject to a number of conditions, which may or may not be fulfilled. AGL Shareholders, APL Shareholders, holders of APL Warrants and potential investors are reminded to exercise caution when dealing in the securities of AGL and APL.

This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 373)
“AGL Board”	board of AGL Directors
“AGL Directors”	directors of AGL
“AGL Shareholder(s)”	holder(s) of AGL Share(s)
“AGL Share(s)”	share(s) of HK\$2.00 each in the share capital of AGL
“AOL”	Allied Overseas Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on main board of the Stock Exchange (Stock Code: 593 and Warrant Code: 664)
“AOL Announcement”	the announcement jointly published by AOL and SkyOcean dated 30 October 2013 in connection with, among other matters, the transactions contemplated under the Share Agreement and the Project Acquisition Agreement, and the possible mandatory unconditional cash offer to be made by SkyOcean
“AOL Group”	AOL and its subsidiaries
“AOL Share(s)”	share(s) of HK\$0.10 each in the share capital of AOL
“AOL Shareholder(s)”	holders of AOL Share(s)
“APL”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the securities of which are listed on the main board of the Stock Exchange (Stock Code: 56 and Warrant Code: 1183) and a non wholly-owned subsidiary of AGL

“APL Board”	board of APL Directors
“APL Directors”	directors of APL
“APL Shareholder(s)”	holder(s) of APL Share(s)
“APL Share(s)”	share(s) of HK\$0.20 each in the share capital of APL
“APL Warrants”	listed warrants issued by APL which carry rights to subscribe for APL Shares, details of which were disclosed in APL’s announcement dated 8 June 2011 (Warrant Code: 1183)
“Business Day(s)”	a day on which banks in Hong Kong are open for business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“BVI”	British Virgin Islands
“connected persons”	having the meaning ascribed to it under the Listing Rules
“Deposit”	HK\$147,356,385, the deposit paid by SkyOcean to Wah Cheong pursuant to the Share Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Land”	five parcels of land held by SkyOcean Real Estate and bound in the west by Yanshan Avenue, in the east by Fengqing Road, in the south by Huichang Street and in the north by Huixing Street in Qian’an, Hebei Province, the PRC
“Lee and Lee Trust”	Lee and Lee Trust, a discretionary trust and is beneficially interest in approximately 67.60% of the issued share capital of AGL as at the date of this joint announcement

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Material Warranties”	the warranties contained in the Share Agreement provided by Wah Cheong relating to (1) the Sale Shares and the Sale Warrants; (2) the share capital of AOL; (3) litigation; and (4) cash position of AOL
“Mr. Zhou”	Mr. Zhou Zheng
“Offer”	the possible mandatory unconditional cash offer to be made by CCB International Capital Limited on behalf of SkyOcean (and parties acting in concert with it) in accordance with the Takeovers Code for the Offer Shares and the Offer Warrants
“Offer Shares”	the existing issued AOL Shares and the AOL Shares to be issued upon exercise of any Warrants before the close of Offer but excluding the Sale Shares and any other AOL Shares owned by SkyOcean and persons acting in concert (within the meaning of the Takeovers Code) with it on the Share Completion Date and/or acquired or agreed to be acquired by SkyOcean and persons acting in concert with it while the Offer remains open for acceptance
“Offer Warrants”	the existing and outstanding Warrants (the number of which is subject to the exercise of the subscription right attaching to the Warrants by the holders thereof before the close of the Offer) but excluding the Sale Warrants and any other Warrants owned by SkyOcean and persons acting in concert (within the meaning of the Takeovers Code) with it on the Share Completion Date and/or acquired or agreed to be acquired by SkyOcean and persons acting in concert with it while the Offer remains open for acceptance
“percentage ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction

“PRC”	the People’s Republic of China, which for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Project”	the property development project of the Skyleaf Group in respect of the Land
“Project Acquisition Agreement”	the conditional sale and purchase agreement dated 15 October 2013 entered into between, among other parties, Sheng Bang, AOL and Mr. Zhou in relation to the sale and purchase of Project Acquisition Share
“Project Acquisition Completion”	completion of the sale and purchase of the Project Acquisition Share under the Project Acquisition Agreement
“Project Acquisition Consideration”	the consideration for the Project Acquisition Share payable by AOL to Sheng Bang pursuant to the Project Acquisition Agreement being HK\$450,000,000
“Project Acquisition Share”	one share in the issued share capital of Skyleaf legally and beneficially owned by Sheng Bang, representing the entire issued and fully paid-up share capital of Skyleaf
“Project Acquisition Transaction”	the transactions contemplated under the Project Acquisition Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	166,165,776 AOL Shares to be sold by Wah Cheong to SkyOcean pursuant to the Share Agreement, representing approximately 74.52% of the existing issued share capital of AOL as at the date of this joint announcement subject to change as a result of the exercise of the Warrants
“Sale Warrants”	11,877,153 Warrants to be sold by Wah Cheong to SkyOcean pursuant to the Share Agreement
“SFC”	the Securities and Futures Commission of Hong Kong

“Share Agreement”	the conditional sale and purchase agreement dated 15 October 2013 entered into between, among other parties, Wah Cheong, SkyOcean, APL and Mr. Zhou in relation to the sale and purchase of Sale Shares and Sale Warrants
“Share Completion”	completion of the sale and purchase of Sale Shares and Sale Warrants under the Share Agreement
“Share Completion Date”	the date of the Share Completion
“Share Consideration”	the consideration for the sale and purchase of the Sale Shares and Sale Warrants, being HK\$1,473,563,853
“Share Transaction”	the transactions contemplated under the Share Agreement
“Sheng Bang”	Sheng Bang Holdings Limited (勝邦控股有限公司), a company incorporated in the BVI with limited liability
“Skyleaf”	Skyleaf Holdings Limited (天葉控股有限公司), a company incorporated in the BVI with limited liability
“Skyleaf Group”	Skyleaf and its subsidiary, SkyOcean International, SkyOcean Real Estate and Tangshan Management
“SkyOcean”	SkyOcean Investment Holdings Limited (天洋投資控股有限公司), a company incorporated in the BVI with limited liability
“SkyOcean International”	Skyocean International Holdings Limited (天洋國際控股有限公司), a company incorporated in Hong Kong with limited liability
“SkyOcean International Group”	SkyOcean International and its subsidiaries, SkyOcean Real Estate and Tangshan Management
“SkyOcean Real Estate”	Skyocean Real Estate (Tangshan) Co., Ltd. (天洋地產(唐山)有限公司), a company established in the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“Tangshan Management”	Tangshan SkyOcean Commercial Management Co., Ltd. [#] (唐山天洋商業管理有限公司), a company established in the PRC with limited liability
“Wah Cheong”	Wah Cheong Development (B.V.I.) Limited, a company incorporated under the laws of the BVI with limited liability, an indirect wholly-owned subsidiary of APL
“Warrants”	the warrants issued by AOL on the basis of one warrant for every five ordinary shares approved by the board of AOL on 7 February 2011, which entitle the holders to subscribe for new ordinary shares at an initial subscription price of HK\$5.00 per ordinary share in cash, subject to normal capital adjustments, and expiring on 4 March 2016
“%”	per cent.

On behalf of the AGL Board
Allied Group Limited
Edwin Lo King Yau
Executive Director

On behalf of the APL Board
Allied Properties (H.K.) Limited
Li Chi Kong
Executive Director

Hong Kong, 30 October 2013

As at the date of this joint announcement, the AGL Board comprises Messrs. Lee Seng Hui (Chief Executive), Edwin Lo King Yau and Mak Pak Hung being the Executive Directors; Mr. Arthur George Dew (Chairman) and Ms. Lee Su Hwei being the Non-Executive Directors; and Messrs. David Craig Bartlett and Alan Stephen Jones being the Independent Non-Executive Directors.

As at the date of this joint announcement, the APL Board comprises Messrs. Lee Seng Hui (Chief Executive), Li Chi Kong and Mark Wong Tai Chun being the Executive Directors; Mr. Arthur George Dew (Chairman) being the Non-Executive Director; and Messrs. Steven Samuel Zoellner, Alan Stephen Jones and David Craig Bartlett being the Independent Non-Executive Directors.

[#] denotes an English translation of a Chinese name and is for identification purposes only. If there is any inconsistency between the Chinese name and the English translation, the Chinese version shall prevail,